



# PERFORMANCE REPORT

## STRATEGIC GOAL ONE

### *Improve the economic environment for small businesses.*

This Strategic Goal is intended to ensure that all enterprising Americans have the maximum opportunity to succeed. In FY2004, SBA saved small businesses money; protected them from excessive Federal regulatory enforcement; provided automated tools and information on how to comply with laws and regulations; and played a key role in ensuring full and open competition to government contracts. As an advocate, SBA improved the economic environment in which small business compete.

SBA realized these achievements through the offices of Advocacy, National Ombudsman, Chief Information Officer (OCIO), Government Contracting and Business Development (GCBD) and Capital Access. Through its Office of Advocacy, SBA contributed to this goal by advancing the views, concerns and interests of small business before Congress, the White House, Federal agencies, Federal courts and state policy makers. SBA also conducted economic research, policy analyses and small business outreach to help identify issues of concern. The following chart illustrates the major components of the full cost of the program in FY2004.

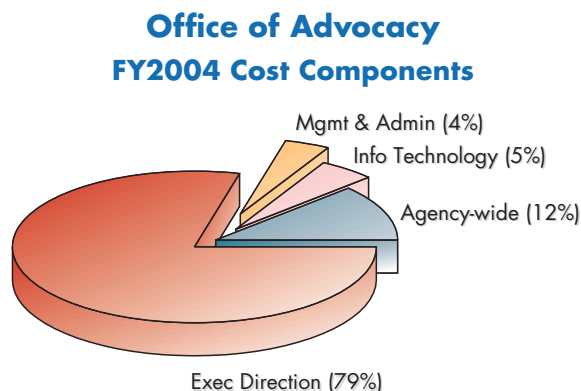


Figure 1

The National Ombudsman assisted small businesses with unfair and excessive Federal regulatory enforcement, such as repetitive audits or investigations, excessive fines, penalties, retaliation or other unfair regulatory enforcement action by a Federal Agency. This office also received complaints and comments from small business concerns, acting as a “troubleshooter” between them and Federal agencies.

The Office of the Chief Information Officer helped small businesses succeed by serving as the champion for BusinessLaw.gov, a Federal online resource guide designed to provide legal and regulatory information. Topics covered on the site range from the most basic and crucial, such as choosing a business structure, to the most complex and specialized, such as conducting e-commerce and exporting.

The Office of Government Contracting and Business Development (GCBD) worked to create an environment for maximum participation by small, disadvantaged and/or woman-owned businesses in Federal government contract awards and large prime subcontract awards. GCBD fulfills this function through the Prime Contracting and the Subcontracting programs by establishing government-wide annual small business goals, to foster an equitable Federal procurement policy, in terms of a percentage of annual expenditure. The following charts illustrate the major components of the full cost of the GCBD’s programs in FY2004.



### Prime Contracting Program FY2004 Cost Components

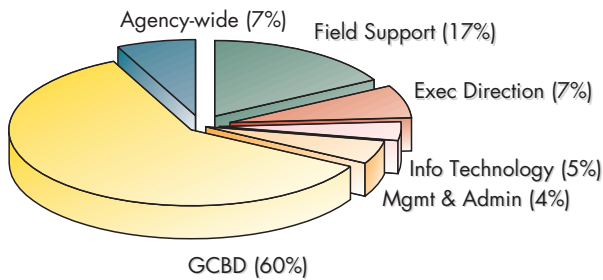


Figure 2

### SubContracting Program FY2004 Cost Components

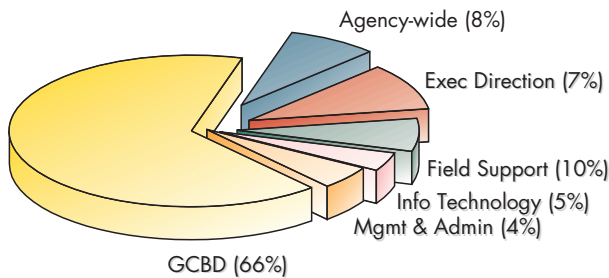


Figure 3

### Small Disadvantaged Business Program FY2004 Cost Components

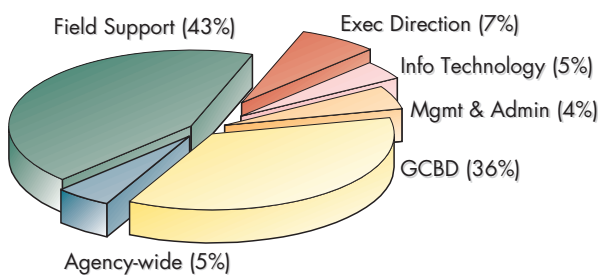


Figure 4

Additionally, GCBD increased the opportunities for small business to obtain Federal contracts through the Procurement Matchmaking program. The matchmaking events provide a unique opportunity for small businesses to present product and service solutions to buyers through prescheduled one-on-one appointments with procurement managers. The following chart illustrates the major components of the full cost of the program in FY2004.

### Business Matchmaking FY2004 Cost Components

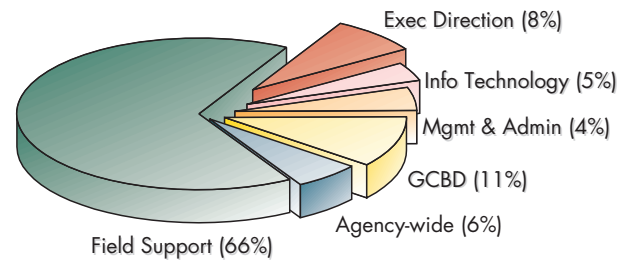


Figure 5

The Office of Capital Access, through the InterNational Trade Program, helped reduce the impact of trade barriers on small businesses. The cost distribution for this program can be found under Strategic Goal 2.



## LONG-TERM OBJECTIVE 1.1

### SBA Agency-Wide Annual Results

| U.S. SMALL BUSINESS ADMINISTRATION<br>Results and Budgetary Resources   |                             |                   |                |                  |                             |                  |                  |                    |                            |
|---|-----------------------------|-------------------|----------------|------------------|-----------------------------|------------------|------------------|--------------------|----------------------------|
| <i>Strategic Goal 1. Improve the economic environment for small businesses.</i>   |                             |                   |                |                  |                             |                  |                  |                    |                            |
| <i>Long-Term Objective 1.1: Minimize the regulatory burden on small business through effective advocacy.</i>  |                             |                   |                |                  |                             |                  |                  |                    |                            |
| SBA Agency-Level Assistance   |                             |                   |                |                  |                             |                  |                  |                    |                            |
| SBA Outcome Measures  | SBA Annual Outcome Measures |                   |                |                  |                             |                  |                  |                    |                            |
|   | FY 2001 Actual              | FY 2002 Actual    | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual <sup>1</sup> | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03-07 Goal <sup>2</sup> |
| 1.1.1 Achieve a yearly regulatory cost savings that increases at a rate of 10 percent annually over a base amount of \$3.8 billion set in 2002, due to Advocacy intervention, by FY2008. (\$ billion).                    | 4.4                         | 21.1 <sup>3</sup> | 6.4            | 4.6 <sup>4</sup> | 17.1                        | 5.1              | 5.6              | 139.2%             | 24.5                       |
| 1.1.2 Ensure 66 Federal agencies have in-house expertise on how to comply with the Regulatory Flexibility Act (RFA) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, by FY2008. <sup>5</sup> | N/A <sup>6</sup>            | N/A               | N/A            | 25.0             | 25.0 <sup>7</sup>           | 25.0             | 8.0              | 87.9%              | 66.0                       |
| 1.1.3 Achieve a total of 50 states that have formally considered legislative or executive action to increase regulatory flexibility for small businesses, by FY2008.  | N/A                         | N/A               | N/A            | 10.0             | 17.0                        | 10.0             | 10.0             | 54.0%              | 50.0                       |
| 1.1.4 Insert Advocacy data and reports into the curricula at 80 of the top 100 universities with major entrepreneurship programs, by FY2008.  | N/A                         | N/A               | N/A            | 16.0             | 27.0                        | 16.0             | 16.0             | 85.0%              | 80.0                       |
| SBA Output Measures   | SBA Annual Output Measures  |                   |                |                  |                             |                  |                  |                    |                            |
|   | FY 2001 Actual              | FY 2002 Actual    | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual              | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03-07 Goal              |
| Total Research Publications   | 17                          | 18                | 30             | 20               | 21                          | 20               | 20               | 91.0%              | 100                        |
| SBA Outcomes Cost   | SBA Annual Cost             |                   |                |                  |                             |                  |                  |                    |                            |
|   | FY 2001 Actual              | FY 2002 Actual    | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual              | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03-07 Estimate          |
| Total Regulatory Burden Assistance Cost (\$000)   | 7,175                       | 7,780             | 8,680          | 8,877            | 9,360                       | 9,994            | N/A              | N/A                | N/A                        |

<sup>1</sup> Values that are indicated in *italics* are estimates.

<sup>2</sup> For goals and estimates starting after 2003, FY 03-07 Goal represents data from start year until 2007.

<sup>3</sup> FY2002 actual. The \$21.1B total is an anomaly. In FY2002 the Office of Advocacy saved businesses an unprecedented \$21.1B in potential costs of regulation. The bulk of the cost savings were due to revisions made to the Cross Media Electronic Reporting and Record Keeping Rule (CROMERRR) by the Environmental Protection Agency which resulted in an estimated savings of \$18B. This is extremely unusual and unpredictable event and, although a valid cost savings, its sheer magnitude makes it is an aberration and therefore it should not be used in any performance or target calculation. Excluding CROMERRR, the Office of Advocacy's FY2002 cost savings were \$3.1B, excluding ongoing annual cost savings.

<sup>4</sup> The \$4.5B figure that was originally published in the Budget Request and Performance Plan Report, Congressional Submission Fiscal Year 2004, was an estimate. The new figure, \$4.6B is based on the median of savings achieved in FY 1999, 2000, 2001 and 2002, plus or minus two standard deviations to eliminate outliers.

<sup>5</sup> Proper consideration of Small Entities in Agency Rulemaking, requires agencies to establish policies and procedures for complying with Regulatory Flexibility Act, and requires the Office of Advocacy to issue periodic guidance on how to comply and provide Agency training.

<sup>6</sup> Not Applicable (N/A).

<sup>7</sup> In addition to training Federal agencies, Advocacy has also provided training to Congressional staff and trade associations representing small businesses.



America's small businesses—some 22.7 million strong—are a major sector of our Nation's economy. They account for half of the country's gross domestic product, create two out of every three new jobs and produce 13 to 14 times more patents per employee than those from large patenting firms. These patents are twice as likely as large firms to be among the one percent most cited. Despite their importance to the economy, the cost of government

regulation and excessive paperwork heavily burdens small businesses. The SBA, through the Office of Advocacy, works to reduce the burdens that Federal policies impose on small firms and to maximize the benefits small businesses receive from the government. Advocacy's mission, simply stated, is to encourage policies that support the development and growth of American small business.

## SBA Regulatory Assistance Performance and Cost to Achieve Results

| U.S. SMALL BUSINESS ADMINISTRATION<br>Results and Budgetary Resources  |   |                                 |                   |                |              |                             |              |              |                    |               |
|--|---|---------------------------------|-------------------|----------------|--------------|-----------------------------|--------------|--------------|--------------------|---------------|
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |                                 |                   |                |              |                             |              |              |                    |               |
| Long-Term Objective 1.1: Minimize the regulatory burden on small business through effective advocacy.  |   |                                 |                   |                |              |                             |              |              |                    |               |
| SBA Program Level-Regulatory Burden Assistance   |   |                                 |                   |                |              |                             |              |              |                    |               |
| SBA Programs   | Output Measures   | Program Annual Output Measures  |                   |                |              |                             |              |              |                    |               |
|  |   | FY 2001 Actual                  | FY 2002 Actual    | FY 2003 Actual | FY 2004 Goal | FY 2004 Actual <sup>8</sup> | FY 2005 Goal | FY 2006 Goal | % Achieved by FY06 | FY 03-07 Goal |
| Advocacy   | Research publications                                     | 17                              | 18                | 30             | 20           | 21                          | 20           | 20           | 91.0%              | 100           |
|  | Total Research Publications                               | 17                              | 18                | 30             | 20           | 21                          | 20           | 20           | 91.0%              | 100           |
| SBA Programs   | Outcome Measures  | Program Annual Outcome Measures |                   |                |              |                             |              |              |                    |               |
|  |   | FY 2001 Actual                  | FY 2002 Actual    | FY 2003 Actual | FY 2004 Goal | FY 2004 Actual              | FY 2005 Goal | FY 2006 Goal | % Achieved by FY06 | FY 03-07 Goal |
| 1.1.1 Achieve a yearly regulatory cost savings that increases at a rate of 10 percent annually over a base amount of \$3.8 billion set in 2002, due to Advocacy intervention, by FY2008.                     |   |                                 |                   |                |              |                             |              |              |                    |               |
| Advocacy   | Regulatory cost savings to small businesses (\$ billion)  | 4.4                             | 21.1 <sup>9</sup> | 6.35           | 4.6          | 17.1                        | 5.1          | 5.6          | 139.2%             | 24.5          |
|  | Total Regulatory Cost Savings (\$ billion)                | 4.4                             | 21.1              | 6.4            | 4.6          | 17.1                        | 5.1          | 5.6          | 139.2%             | 24.5          |
| 1.1.2 Ensure 66 Federal agencies have in-house expertise on how to comply with the Regulatory Flexibility Act (RFA) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, by FY2008. |   |                                 |                   |                |              |                             |              |              |                    |               |
| Advocacy   | Number of regulatory agencies with in-house RFA expertise | N/A <sup>10</sup>               | N/A               | N/A            | 25           | 25 <sup>11</sup>            | 25           | 8            | 87.9%              | 66            |
|  | Total   | N/A                             | N/A               | N/A            | 25           | 25                          | 25           | 8            | 87.9%              | 66            |

<sup>8</sup> Values that are indicated in italics are estimates.

<sup>9</sup> FY2002 actual. The \$21.1B total is an anomaly. In FY2002 the Office of Advocacy saved businesses an unprecedented \$21.1 B in potential costs of regulation. The bulk of the cost savings were due to revisions made to the Cross Media Electronic Reporting and Record Keeping Rule (CROMERRR) by the Environmental Protection Agency which resulted in an estimated savings of \$18B. This is extremely unusual and unpredictable event and, although a valid cost savings, its sheer magnitude makes it an aberration and therefore it should not be used in any performance or target calculation. Excluding CROMERRR, the Office of Advocacy's FY2002 cost savings were \$3.1B, excluding ongoing annual cost savings.

<sup>10</sup> Not Applicable (N/A).

<sup>11</sup> In addition to training Federal agencies, Advocacy has also provided training to Congressional staff and trade associations representing small businesses.



| U.S. SMALL BUSINESS ADMINISTRATION   |   |                                 |                |                |                  |                |                  |                  |                    |                   |
|--|---|---------------------------------|----------------|----------------|------------------|----------------|------------------|------------------|--------------------|-------------------|
| Results and Budgetary Resources  |   |                                 |                |                |                  |                |                  |                  |                    |                   |
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |                                 |                |                |                  |                |                  |                  |                    |                   |
| Long-Term Objective 1.1: Minimize the regulatory burden on small business through effective advocacy.  |   |                                 |                |                |                  |                |                  |                  |                    |                   |
| SBA Program Level-Regulatory Burden Assistance   |   |                                 |                |                |                  |                |                  |                  |                    |                   |
| SBA Programs   | Outcome Measures  | Program Annual Outcome Measures |                |                |                  |                |                  |                  |                    |                   |
|  |   | FY 2001 Actual                  | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03-07 Estimate |
| 1.1.3 Achieve a total of 50 states that have formally considered legislative or executive action to increase regulatory flexibility for small businesses, by FY2008. |   |                                 |                |                |                  |                |                  |                  |                    |                   |
| Advocacy   | Number of states formally considering legislative or executive action | N/A                             | N/A            | N/A            | 10               | 17             | 10               | 10               | 54%                | 50                |
|  | Total   | N/A                             | N/A            | N/A            | 10               | 17             | 10               | 10               | 54%                | 50                |
| 1.1.4 Insert Advocacy data and reports into the curricula at 80 of the top 100 universities with major entrepreneurship programs, by FY2008.                         |   |                                 |                |                |                  |                |                  |                  |                    |                   |
| Advocacy   | Research publications and data reports in curricula                   | N/A                             | N/A            | N/A            | 16               | 27.0           | 16               | 16               | 85%                | 80                |
|  | Total   | N/A                             | N/A            | N/A            | 16               | 27.0           | 16               | 16               | 85%                | 80                |
| SBA Programs   | Cost Measures   | Program Annual Cost             |                |                |                  |                |                  |                  |                    |                   |
|  |   | FY 2001 Actual                  | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03-07 Estimate |
| Advocacy   | Program Cost Actual (\$000)   | 7,175                           | 7,780          | 8,680          | 8,877            | 9,360          | 9,994            | N/A              | N/A                | N/A               |
|  | Cost per \$1 million in savings (\$000)                               | 1,631                           | 369            | 1,367          | 1,930            | 549            | 1,960            | N/A              | N/A                | N/A               |
|  | Total Regulatory Burden Assistance Cost (\$000)                       | 7,175                           | 7,780          | 8,680          | 8,877            | 9,360          | 9,994            | N/A              | N/A                | N/A               |



Advocacy research shows small businesses continue to pay a disproportionately large share of the total Federal regulatory burden. For firms with fewer than 20 employees, the annual regulatory compliance burden in 2000 was estimated to be \$6,975 per employee - nearly 60% higher than the \$4,463 estimated for large firms with more than 500 employees. The Office of Advocacy hoped to achieve \$4.6 billion in regulatory cost savings during FY2004. That money would have gone to comply with overly burdensome Federal regulations had the Office of Advocacy not worked with Federal agencies to find effective and less burdensome regulatory alternatives. **The Office of Advocacy exceeded this goal by achieving \$17.05 billion in cost savings.** This savings allowed thousands of small businesses to remain open and allowed thousands of others to invest in new jobs, equipment or other resources.

A welcome change has been that agencies are coming to the Office of Advocacy earlier in the rule development process, which means the small business impact of draft regulations gets considered sooner. Much of this change is due to the training Advocacy provides to Federal agencies. The Office of Advocacy expected to assist 25 Federal agencies gaining in-house Regulatory Flexibility Act expertise through the training it was required to provide those agencies under Executive Order 13272. The Office of Advocacy trained 25 agencies on how to comply with the Act, which means that the goal was met. A big part of these important training sessions is laying the foundation for productive relationships between the Office of Advocacy and the regulatory agencies. Putting faces with names and knowing they have a place to come for assistance with the Regulatory Flexibility Act is making a big difference for those agencies willing to take advantage of SBA expertise.

Small businesses also have to comply with regulations at the state level. In FY2004, the Office of Advocacy's goal was that ten states would formally consider legislative or executive action to increase regulatory flexibility for small businesses. The Office of Advocacy has supported this goal by putting forward model legislation the states

can use to draft small business-friendly regulatory legislation. **During FY2004, the Office of Advocacy exceeded its year-end goal by 70% with 17 states introducing regulatory flexibility legislation.** Of those 17 states, four enacted legislation increasing their regulatory flexibility.<sup>12</sup>



*Rhode Island Gov. Donald Carcieri signs the Rhode Island Regulatory Flexibility Act. Looking on are (from left) Chief Counsel for Advocacy Thomas M. Sullivan, SBA National Ombudsman Michael Barrera, and State Senator Leo R. Blais, author for the bill. Blais also chairs the Regional 1 RegFair Board.*

Policymakers need access to quality data and research on small businesses to make better-informed decisions. The Office of Advocacy has addressed this need with a two-pronged strategy: it funds and releases research reports and advocates inserting the Office of Advocacy's data into the curricula of the top 100 universities with major entrepreneurship programs. The rationale behind this goal is to spawn interest in entrepreneurial research among the academic community and to broaden the awareness of existing research.

This past year has been one of tremendous accomplishments. The Office of Advocacy released 21 research reports on small business issues<sup>13</sup> and a forward-looking conference, "Entrepreneurship in the 21st Century," sponsored with the E.M. Kauffman Foundation. The conference proceedings illustrate some of the challenges that small firms and policy makers will face in the coming years.<sup>14</sup> Additionally, 27 colleges/universities inserted Office of Advocacy data into their curricula.

<sup>12</sup>South Carolina (H 4130 signed into law on May 11, 2004); South Dakota (SB 112 signed into law on March 5, 2004); Wisconsin (SB 100 signed into law on March 15, 2004); Rhode Island (SB 2299 signed into law September 13, 2004).

<sup>13</sup><http://www.sba.gov/advo/stats/>

<sup>14</sup>Proceedings, videos, biographies of speakers, and Power Point presentations from the conference can be found at <http://www.sba.gov/advo/news.html>



### Goals Exceeded

The Office of Advocacy met or exceeded its expectations for all the outcomes and outputs measuring its effectiveness in achieving this Long-Term Objective.<sup>15</sup> The focus in FY2003 was on creating and implementing a new strategic plan. Since that time, the Office of Advocacy has developed better ways of capturing and calculating regulatory cost savings, and the Office has developed databases to capture activities on a weekly and quarterly basis. It also has streamlined its processes for identifying regulations that have an impact on small entities. Plus, the Office of Advocacy restructured benchmarks for the Regional Advocates<sup>16</sup> to help insure that employees in the field stay on target and on mission.

Despite all of these improvements, the Office of Advocacy did not modify its future annual goals because the office anticipates that certain circumstances beyond its control may impact the Office's ability to reduce burden on rules that affect the small business community. Numerous factors affect the annual impact of Advocacy's interventions – the number of rules published, the initial cost of the rules, the political environment, the willingness of Federal agencies to accept Advocacy's recommendations on reducing burden, etc. It is not possible to predict these numbers. The Office of Advocacy also anticipates the potential that future years' savings will trend downward if Federal regulatory agencies internalize processes that result in rules with less impact from the outset.

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<sup>15</sup>If the variance between FY2004-goal and FY2004- actual was 10% or greater the measure was considered green and had exceeded the expectations.

<sup>16</sup>Regional Advocates identify issues and concerns of small business owners, and they monitor the impact of Federal and state policies on small businesses at the local level. They work closely with local government officials, state officials and legislators, and the chief counsel for advocacy to develop programs and policies that reduce regulation and promote small business growth.





## LONG-TERM OBJECTIVE 1.2

### SBA Agency-Wide Annual Results

| U.S. SMALL BUSINESS ADMINISTRATION<br>Results and Budgetary Resources  |                             |                |                |                  |                              |                  |                  |                    |                             |
|--|-----------------------------|----------------|----------------|------------------|------------------------------|------------------|------------------|--------------------|-----------------------------|
| Strategic Goal 1. Improve the economic environment for small businesses.<br>Long-Term Objective 1.2: Ensure equity and fairness in the Federal regulatory enforcement process. |                             |                |                |                  |                              |                  |                  |                    |                             |
| SBA Agency-Level Assistance  |                             |                |                |                  |                              |                  |                  |                    |                             |
| SBA Outcome Measures   | SBA Annual Outcome Measures |                |                |                  |                              |                  |                  |                    |                             |
|  | FY 2001 Actual              | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual <sup>17</sup> | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03–07 Goal <sup>18</sup> |
| 1.2.1 Achieve a 10 percent decrease in the annual number of Federal regulatory enforcement actions taken against small businesses. <sup>19</sup>                               | N/A                         | N/A            | N/A            | N/A              | N/A                          | -5%              | -5%              | N/A                | -10%                        |
| 1.2.2 Achieve a 5 percent increase in the number of enforcement actions in which the civil penalty is reduced or waived, by FY2008.  | N/A                         | N/A            | N/A            | N/A              | N/A                          | 5%               | 5%               | N/A                | 10%                         |
| SBA Output Measures  | SBA Annual Output Measures  |                |                |                  |                              |                  |                  |                    |                             |
|  | FY 2001 Actual              | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual               | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03–07 Goal               |
| Total Regulatory Assistance Events (number)  | N/A                         | N/A            | N/A            | 37               | 42                           | 37               | 38               | 104%               | 112                         |
| SBA Outcomes Cost  | SBA Annual Cost             |                |                |                  |                              |                  |                  |                    |                             |
|  | FY 2001 Actual              | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual               | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03–07 Estimate           |
| Total Assistance Cost (\$000)  | 935                         | 2,945          | 1,200          | 1,480            | 1,469                        | 1,322            | N/A              | N/A                | N/A                         |

<sup>17</sup> Values that are indicated in italics are estimates.

<sup>18</sup> For goals and estimates starting after 2003, FY 03–07 Goal represents data from start year until 2007.

<sup>19</sup> OMB asked SBA to move this goal off last summer because there will be no preliminary data until the second quarter of FY2005. Since it is a new requirement, many agencies are delayed in reporting, and this will make it difficult to establish the baseline.

During FY2004, the SBA assisted small businesses when they experienced excessive Federal regulatory enforcement actions, such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation or other unfair enforcement action by a Federal Agency. The SBA received comments from small business concerns and acted as a liaison between them and Federal agen-

cies. Federal agencies made great strides in improving the Federal enforcement environment: response time improved and there was a dramatic increase in the compliance assistance offered to small business. SBA's efforts in support of this Long-Term Objective were mainly accomplished through its Office of the National Ombudsman.





## SBA Regulatory Assistance Costs to Achieve Results

| U.S. SMALL BUSINESS ADMINISTRATION   |   |                                 |                |                |              |                              |              |              |                    |                             |
|--|---|---------------------------------|----------------|----------------|--------------|------------------------------|--------------|--------------|--------------------|-----------------------------|
| Results and Budgetary Resources  |   |                                 |                |                |              |                              |              |              |                    |                             |
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |                                 |                |                |              |                              |              |              |                    |                             |
| Long-Term Objective 1.2: Ensure equity and fairness in the Federal regulatory enforcement process.                                 |   |                                 |                |                |              |                              |              |              |                    |                             |
| SBA Program Level Regulatory Assistance  |   |                                 |                |                |              |                              |              |              |                    |                             |
| SBA Programs   | Output Measures   | Program Annual Output Measures  |                |                |              |                              |              |              |                    |                             |
|  |   | FY 2001 Actual                  | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal | FY 2004 Actual <sup>20</sup> | FY 2005 Goal | FY 2006 Goal | % Achieved by FY06 | FY 03-07 Goal <sup>21</sup> |
| National Ombudsman   | Bi-lingual Reg Fair Hearings (number)   | N/A                             | N/A            | N/A            | 3            | 2                            | 2            | 2            | 86%                | 7                           |
|  | Inter-Agency meetings (number)  | N/A                             | N/A            | N/A            | 2            | 2                            | 2            | 2            | 100%               | 6                           |
|  | Reg Fair Board Meetings (number)  | N/A                             | N/A            | N/A            | 5            | 5                            | 5            | 6            | 100%               | 16                          |
|  | Reg Fair Hearings & Roundtables (number)  | N/A                             | N/A            | N/A            | 15           | 18                           | 18           | 18           | 106%               | 51                          |
|  | Special Competitive Opportunity Gaps Meetings (number)  | N/A                             | N/A            | N/A            | 12           | 15                           | 10           | 10           | 109%               | 32                          |
|  | Total Regulatory Assistance Events (number)   | N/A                             | N/A            | N/A            | 37           | 42                           | 37           | 38           | 104%               | 112                         |
| SBA Programs   | Outcome Measures  | Program Annual Outcome Measures |                |                |              |                              |              |              |                    |                             |
|  |   | FY 2001 Actual                  | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal | FY 2004 Actual               | FY 2005 Goal | FY 2006 Goal | % Achieved by FY06 | FY 03-07 Goal               |
| 1.2.1 Achieve a 10 percent decrease in the annual number of Federal regulatory enforcement actions taken against small businesses. |   |                                 |                |                |              |                              |              |              |                    |                             |
| National Ombudsman   | Percentage of reduction of civil enforcement actions  | N/A                             | N/A            | N/A            | N/A          | N/A                          | -5%          | -5%          | N/A                | -10%                        |
| 1.2.2 Achieve a 5 percent increase in number of enforcement actions in which the civil penalty is reduced or waived, by FY2008.    |   |                                 |                |                |              |                              |              |              |                    |                             |
| National Ombudsman   | Percentage of increase in the number of enforcement actions with reduced or waived penalties. | N/A                             | N/A            | N/A            | N/A          | N/A                          | 5%           | 5%           | N/A                | 10%                         |

<sup>20</sup> Values that are indicated in italics are estimates.

<sup>21</sup> For goals and estimates starting after 2003, FY 03-07 Goal represents data from start year until 2007.



| U.S. SMALL BUSINESS ADMINISTRATION<br><b>Results and Budgetary Resources</b>                              |                                   |                     |                |                |                  |                |                  |                  |                    |                   |
|---|-----------------------------------|---------------------|----------------|----------------|------------------|----------------|------------------|------------------|--------------------|-------------------|
| <i>Strategic Goal 1. Improve the economic environment for small businesses.</i>                           |                                   |                     |                |                |                  |                |                  |                  |                    |                   |
| <i>Long-Term Objective 1.2: Ensure equity and fairness in the Federal regulatory enforcement process.</i> |                                   |                     |                |                |                  |                |                  |                  |                    |                   |
| <b>SBA Program Level-Regulatory Assistance</b>  |                                   |                     |                |                |                  |                |                  |                  |                    |                   |
| SBA Programs  | Cost Measures                     | Program Annual Cost |                |                |                  |                |                  |                  |                    |                   |
|   |                                   | FY 2001 Actual      | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03-07 Estimate |
| National Ombudsman  | Program Cost Actual (\$000)       | 935                 | 2,945          | 1,200          | 1,480            | 1,469          | 1,322            | N/A              | N/A                | N/A               |
|   | Cost per Regulatory Event (\$000) | N/A                 | N/A            | N/A            | 40               | 34,977         | 35,742           | N/A              | N/A                | N/A               |
|   | Total Assistance Cost (\$000)     | 935                 | 2,945          | 1,200          | 1,480            | 1,469          | 1,322            | N/A              | N/A                | N/A               |

To raise awareness of the assistance available, the SBA engaged in a variety of outreach and marketing initiatives. The Agency hosted 18 hearings and roundtables throughout the country and conducted outreach efforts through media outlets reaching more than 10 million small businesses. As a further indication of the successful performance of this program in FY2004, the Ombudsman Website was visited over 1,000,000 times and 15 Special Competitive Opportunity Gaps (COG) meetings took place in an assortment of geographic locations across the country to address possible challenges faced by a variety of groups.

The SBA processed more than 445 comments from small businesses and trade associations representing the concerns of the total organizational membership. Testimony and comments reflected several major concerns small businesses have, including: the high cost and unavailability of health care; overly burdensome taxes; safety and insurance requirements; excessive and outmoded regulations that cost too much; inconsistent or inappropriate enforcement actions; and onerous and time-consuming paperwork.

In addition, the SBA continued to communicate with more than 200 key Federal Agency decision-makers

about its regulatory assistance activities, establishing new partnerships, holding agencies more accountable, and changing the relationship between government and industry to one of mutual collaboration and benefit. This approach paid off in FY2004, as the agencies provided quality responses and the response rate increased. **Furthermore, for the first time since Federal agencies started reporting, through the Small Business Paperwork Relief Act, the total monetary amount of civil penalty abatements, reductions or waivers was in excess of \$1 billion.**

### Looking Forward

Federal agencies were required by the Paperwork Relief Act of 2002 to establish, for the first time, a baseline by 12/31/03 and to measure and report against the baseline by 12/31/04 for the prior fiscal year. In actuality, many Federal agencies did not report until well into the 2nd quarter of the year. What this means, in terms of ONO's contribution to the achievement of this Long-Term Objective and its outcomes, is that measurable data will not be available until at least the 2nd quarter of FY2005 corresponding to FY2004 activity. Comparisons and outcome performance studies, therefore, will not take place until all Agency reports are received, compiled and published.



## SUCCESS STORIES

- The IRS refunded \$1,200 to Mid-America Hearing Center in Mt. Vernon, Missouri after reconsidering their fine because the small business had changed from accrual to cash accounting.
- The EPA rewrote one of their form letters in plain English in response to a comment by Kuma Stoves of Hayden, Idaho – thus helping hundreds of small business owners.
- The Custom Service reversed their decision and refunded all fines and penalties to Terminal Shipping in Baltimore, Maryland.
- The Department of Agriculture reviewed and overturned a permanent disqualification from the Food Stamp Program for three ethnic grocery stores in Seattle, WA—reopening three small businesses and restoring service to an entire community.
- The IRS reviewed and gave an abatement of penalties against Suburban Water Testing Labs in Temple, Pennsylvania. In addition, the IRS corrected a systemic problem involving incorrect notices being sent to the taxpayer.
- The Equal Employment Opportunity Commission re-opened conciliation discussions with Caltag in Burlingame, California.
- The IRS reviewed and waived a penalty for Print Wizard in Dearborn Heights, Michigan.

### Goals Exceeded

Both the number of RegFair Hearings & Roundtables and COG Meetings exceeded the planned goals by more than 10%. The SBA was able to take advantage of some existing events by piggybacking on those activities (i.e., Yonkers, NY Small Business Week, Orlando Expo and Matchmaking event, etc.). The SBA plans to continue to maximize resources by taking advantage of existing events. However, since it has no control over them, the SBA is not revising its annual or Long-Term goals.

### Goals Not Met

With respect to the number of Bi-lingual RegFair Hearings falling short by 1 of the 3 planned, all of the activity and logistics took place during FY2004. However, since the actual event took place on October 1st, ONO could not count it as a FY2004 achievement. The date of the event was changed to 10/01 from the last week of September in order to coincide with another SBA event - Business Matchmaking - and therefore make more efficient use of limited resources.

There will be no significant impact or adjustment on ONO's Long-Term goals, for any of the aforementioned items.



## LONG-TERM OBJECTIVE 1.3

### *Minimize the taxation burden on small business through effective advocacy.*

#### **SBA Agency-Wide Annual Results**

In May 2003, the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Jobs and Growth Act) was signed into law by President Bush. The Treasury Department calculated that this legislation immediately reduced the tax liability of 23.7 million small business owners. In 2004, the nation's nearly 24 million small businesses will receive tax relief totaling about \$75 billion. Notable tax incentives passed into law include the following:

- The President's Jobs and Growth package reduced marginal income tax rates across the board and included the creation of a new 10-percent tax bracket and the reduction of the top rate to 35 percent. These rate reductions benefit the more than 90 percent of small businesses that pay taxes at the individual income tax rates, and not at the corporate rates.
- The President's Jobs and Growth package also raised the amount that small businesses can expense for new capital investments from \$25,000 to \$100,000, reducing their cost of purchasing new machinery, computers, trucks and other qualified investments.
- The President supported and signed into law the phase-out of the Federal estate tax, ensuring that family business owners are able to leave their business to their families or key employees.

Costs to achieve this Long-Term Objective have been accounted for as SBA's overhead.

#### **SBA Technical Assistance Performance and Costs to Achieve Results**

During FY2004, SBA senior leadership sponsored a series of educational roundtables throughout the country on

the importance of reducing taxes on small businesses to improve the economic environment. SBA, through the Office of Field Operations, assisted in the completion of 17 tax conference events that educated both the public and the small business community about the many advantages of the President's plan to support business owners and entrepreneurs with tax incentives. Educating small business through these events should result in tax savings to small businesses.

#### **SBA Research Assistance Performance and Costs to Achieve Results**

The SBA, through the Office of Advocacy, released a report that assessed the effect of current tax laws on small businesses. During FY2004, the Advocacy's researcher determined that small firms benefit from certain tax expenditure programs, although as a general matter, by a smaller amount than larger firms. However, small-incorporated firms benefit more than larger firms from the travel and entertainment deduction, according to a study released today by the Office of Advocacy of the U.S. Small Business Administration. Small firms that take advantage of this deduction reduce their effective tax rate by 0.86 percent on average, while larger firms only receive an average 0.11 percent reduction in their effective tax rate. The study reinforced how important this deduction is for small businesses.

The finding was reported in "The Impact of Tax Expenditure Policies on Incorporated Small Business," written by Innovation & Information Consultants with funding from the Office of Advocacy. The report analyzes how "tax expenditure" programs affect effective tax rates.



## LONG-TERM OBJECTIVE 1.4

*Minimize the health care cost burden on small business through effective advocacy.*

### **SBA Agency-Wide Annual Results**

In addition to reducing tax burdens and opening markets, the President's Small Business Agenda calls for reducing the cost of doing business in America. The SBA has joined in this fight to help make health care affordable by working with the President on his two major health care initiatives:

- The President has called for Association Health Plans (AHPs) to give America's working families greater access to affordable health insurance. By allowing small businesses to band together and negotiate on behalf of their employees and their families, AHPs would help small businesses and employees obtain health insurance at an affordable price, much like large employers and unions.
- The President has also signed into law health savings accounts (HSAs), which combine low-cost, high-deductible health insurance with tax-free savings accounts to pay for health care expenses. The President has also proposed to make insurance premiums for HSAs tax deductible.

Affordable health care was the single most important issue for small businesses in a 2004 poll conducted by the National Federation of Independent Businesses. In response to the Administration's desire to give small business owners more power to provide health care for their uninsured employees and to improve the health care options for employees who already have insurance, SBA conducted regional roundtables. These roundtables consisted of 10-14 participants, including the regional administrators, congressional offices, officials from the Departments of Labor (DOL) and Health and Human Services (HHS), small business leaders, trade associations and regional Chambers of Commerce, and served to educate the public on the advantages of the National Health Savings Accounts and Associated Health Plans.

Costs to achieve this Long-Term Objective have been accounted for as SBA's overhead.



## LONG-TERM OBJECTIVE 1.5

### SBA Agency-Wide Annual Results

| U.S. SMALL BUSINESS ADMINISTRATION<br>Results and Budgetary Resources   |                      |                |                |                        |                |                  |                  |                     |                   |
|---|----------------------|----------------|----------------|------------------------|----------------|------------------|------------------|---------------------|-------------------|
| Strategic Goal 1. Improve the economic environment for small businesses.<br>Long-Term Objective 1.5: Simplify the interaction between small businesses and the Federal government through the use of the Internet and information technology.   |                      |                |                |                        |                |                  |                  |                     |                   |
| SBA Agency-Level Assistance   |                      |                |                |                        |                |                  |                  |                     |                   |
| SBA Outcome Measures  | SBA Outcome Measures |                |                |                        |                |                  |                  |                     |                   |
|   | FY 2001 Actual       | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal           | FY 2004 Actual | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06  | FY 03-07 Goal     |
| 1.5.1 Achieve a savings for businesses through the creation, operation and maintenance of the Business.gov, a "one-stop" interagency, intergovernmental Web portal containing information on government programs, services, forms and compliance assistance for business. (\$ million). | N/A                  | N/A            | UNAVAIL.       | 56                     | N/A            | 56               | 56               | 50%                 | 224               |
| 1.5.2 Achieve savings by reducing the unnecessary paperwork burden on small businesses, by creating a web portal by which they can find all relevant government-to-business and government-to-citizen forms online in one location (\$ million).  | N/A                  | 160,000        | UNAVAIL.       | 1,000                  | N/A            | 123.7            | \$123.7          | 67%                 | 371               |
| 1.5.3 Achieve savings through the deployment of electronic tools to facilitate compliance with government laws and regulations. (\$ million). <sup>22</sup>   | N/A                  | 20             | 21             | 50                     | N/A            | 123.7            | 123.7            | 75%                 | 358               |
| SBA Output Measures   | SBA Output Measures  |                |                |                        |                |                  |                  |                     |                   |
|   | FY 2001 Actual       | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal           | FY 2004 Actual | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06  | FY 03-07 Goal     |
| Time Saved Time (hours)   | N/A                  | N/A            | N/A            | N/A                    | N/A            | 350,000          | 525,000          | 59%                 | 1,475,000         |
| Total visitors per month <sup>23</sup>  | N/A                  | 170            | 250            | UNAVAIL. <sup>24</sup> | 140            | 300              | 500              | 85%                 | 1,400             |
| Total Cost Reduction Assistance   | N/A                  | 20             | 21             | 50                     | N/A            | 124              | 124              | 64%                 | 421               |
| SBA Outcomes Cost   | SBA Annual Cost      |                |                |                        |                |                  |                  |                     |                   |
|   | FY 2001 Actual       | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate       | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimated by FY06 | FY 03-07 Estimate |
| Total Savings Assistance Cost (\$000)   | N/A                  | N/A            | UNAVAIL.       | 2,533                  | 2,603          | 2,639            | N/A              | N/A                 | N/A               |

<sup>22</sup> Outcome measure Indicator 1.5.3 renamed. Renamed outcome measure has similar overall FY2008 goals. Original indicator read "By FY2008, achieve a savings of \$358 million through the deployment of electronic tools to facilitate compliance with government laws and regulations."

<sup>23</sup> Indicator renamed. In 2003 PAR, the indicator Number of users per month was mistakenly published as "Number of users per week."

<sup>24</sup> Business Gateway project changed scope in 2003. As a result, no goal was established for the number of visitors for FY2004.



## Program Performance and Costs to Achieve Results

| U.S. SMALL BUSINESS ADMINISTRATION  |  |                                |                |                |                        |                |              |              |                    |               |
|---|--|--------------------------------|----------------|----------------|------------------------|----------------|--------------|--------------|--------------------|---------------|
| Results and Budgetary Resources   |  |                                |                |                |                        |                |              |              |                    |               |
| Strategic Goal 1. Improve the economic environment for small businesses.  |  |                                |                |                |                        |                |              |              |                    |               |
| Long-Term Objective 1.5: Simplify the interaction between small businesses and the Federal government through the use of the Internet and information technology. |  |                                |                |                |                        |                |              |              |                    |               |
| SBA Programs  | Output Measures  | Program Annual Output Measures |                |                |                        |                |              |              |                    |               |
|   |  | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal           | FY 2004 Actual | FY 2005 Goal | FY 2006 Goal | % Achieved by FY06 | FY 03-07 Goal |
| Business Gateway  | Time saved in locating relevant government information and forms (hours) | N/A                            | N/A            | N/A            | N/A                    | N/A            | 350,000      | 525,000      | 59%                | 1,475,000     |
|   | Visitors per month (000) <sup>25</sup>                                   | N/A                            | 170            | 250            | UNAVAIL. <sup>26</sup> | 140            | 300          | 500          | 85%                | 1,400         |
|   | Reduced costs to businesses and regulatory agencies (\$ million).        | N/A                            | 20             | 21             | 50                     | N/A            | 123.7        | 123.7        | 64%                | 421           |
|   | Total time saved (hours)   | N/A                            | N/A            | N/A            | N/A                    | N/A            | 350,000      | 525,000      | 59%                | 1,475,000     |
|   | Total visitors per month   | N/A                            | 170            | 250            | UNAVAIL.               | 140            | 300          | 500          | 85%                | 1,400         |
|   | Total Cost Reduction Assistance  | N/A                            | 20             | 21             | 50                     | N/A            | 123.7        | 123.7        | 64%                | 421           |

<sup>25</sup> Indicator renamed. In 2003 PAR, the indicator "Number of users per month" was mistakenly published as "Number of users per week."

<sup>26</sup> Business Gateway project changed scope in 2003. As a result, no goal was established for the number of visitors for FY2004.





## U.S. SMALL BUSINESS ADMINISTRATION

**Results and Budgetary Resources**

*Strategic Goal 1. Improve the economic environment for small businesses.*

*Long-Term Objective 1.5: Simplify the interaction between small businesses and the Federal government through the use of the Internet and information technology.*

| SBA Programs   | Outcome Measures                         | Program Annual Outcome Measures |                |                |                  |                |                  |                  |                    |                   |
|--|--|---------------------------------|----------------|----------------|------------------|----------------|------------------|------------------|--------------------|-------------------|
|  |  | FY 2001 Actual                  | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03–07 Goal     |
| 1.5.1 Achieve a savings for businesses through the creation, operation and maintenance of the Business.gov, a “one-stop” interagency, intergovernmental Web portal containing information on government programs, services, forms and compliance assistance for business. (\$ million) |  |                                 |                |                |                  |                |                  |                  |                    |                   |
| Business Gateway   | Business Savings (\$ million)            | N/A                             | N/A            | UNAVAIL.       | 56               | N/A            | 56               | 56               | 50%                | 224               |
| 1.5.2 Achieve savings by reducing the unnecessary paperwork burden on small businesses, by creating a web portal by which they can find all relevant government-to-business and government-to-citizen forms online in one location (\$ million).                                       |  |                                 |                |                |                  |                |                  |                  |                    |                   |
| Business Gateway   | Business Savings (\$ million)            | N/A                             | 160,000        | UNAVAIL.       | 1,000            | N/A            | 123.7            | \$123.7          | 67%                | 371               |
| 1.5.3 Achieve savings through the deployment of electronic tools to facilitate compliance with government laws and regulations. (\$ million).  |  |                                 |                |                |                  |                |                  |                  |                    |                   |
| Business Gateway   | Business Savings (\$ million)            | N/A                             | 20             | 21             | 50               | N/A            | 123.7            | 123.7            | 75%                | 358               |
| SBA Programs   | Cost Measures                            | Program Annual Costs            |                |                |                  |                |                  |                  |                    |                   |
|  |  | FY 2001 Actual                  | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03–07 Estimate |
| Business Gateway   | SBA Cost Actual (\$000) <sup>27</sup>    | N/A                             | N/A            | UNAVAIL.       | 2,533            | 2,603          | 2,639            | N/A              | N/A                | N/A               |
|  | Investment Initiative (\$) <sup>28</sup> | N/A                             | N/A            | UNAVAIL.       | UNAVAIL.         | UNAVAIL.       | UNAVAIL.         | N/A              | N/A                | N/A               |
|  | SBA cost per user (\$) <sup>29</sup>     | N/A                             | N/A            | UNAVAIL.       | UNAVAIL.         | 19             | 9                | N/A              | N/A                | N/A               |
|  | Total Savings Assistance Cost (\$000)    | N/A                             | N/A            | UNAVAIL.       | 2,533            | 2,603          | 2,639            | N/A              | N/A                | N/A               |

<sup>27</sup> Cost data comes from a Cost Allocation Survey performed on operational programs. As Business Gateway has not been a fully operational program, it was not included in the 2003 Cost Allocation Survey. No related costs were recorded for FY2003.

<sup>28</sup> Information for Investment Initiative cost is unavailable because business.gov site and other project related milestones did not go live to the public until September 30, 2004. Business Gateway's first opportunity to measure will be in FY2005.

<sup>29</sup> SBA Cost per visitor for FY2004 estimate was unavailable because the Business Gateway project changed scope in 2003. As a result, no goal for the number of visitors was established and no cost per visitor was estimated.



During FY2004, the OCIO supported Long-Term Objective 1.5 by achieving meaningful progress in implementing the Business Gateway Initiative. The Business Gateway Initiative is one of the 25 Presidential E-Government Initiatives, aimed at reducing the burden on the nation's businesses by simplifying and improving electronic access to federal government information, programs and services, while providing businesses and citizens with a one-stop means to find, fill, sign and submit forms and transactions electronically.

As the managing partner, SBA is responsible for ensuring that the Business Gateway initiative delivers a means to: (1) provide the nation's business owners with a single access point to government services and information designed to assist them in starting, running and growing their business; (2) simplify, unify and better manage citizen-facing E-Forms infrastructure and processes on a government-wide basis; and (3) reduce regulatory burdens by harmonizing and streamlining data along vertical lines of business, as well as providing Web-based compliance assistance tools.

To accomplish the stated goals above, SBA is working with 14 core partner agencies to create a government Web portal, Business.gov, which is focused on the business community. Business.gov combines four key elements that will be implemented through a multi-year phased approach:

- Business Portal, which provides a one-stop, common access point for federal government services and information needed to assist with starting, running, growing and getting out of business;

- E-Forms, which is a component to assist businesses and citizens to easily find forms while identifying a means to fill and sign forms online;
- Compliance Assistance, by providing tools and/or information that helps businesses ensure that they are meeting federal regulations; and
- Harmonization, which is piloting the concept of reducing burden by industry through the harmonization of redundant reporting requirements.

During FY2004, SBA accomplished several important projects in support of the Business Gateway initiative. The Web site [www.business.gov](http://www.business.gov) was successfully launched at SBA's 50th Anniversary Expo in Orlando, FL. The Business Gateway Forms Catalog was created for federal forms that can be accessed through Business.gov, and it was successfully populated, so that there are currently 2,511 available forms for use by the public.

In addition, SBA developed plans for the October release of Business Gateway. This effort included plans for the consolidation of BusinessLaw.gov, Business Advisor, components of SBA.gov, components of FirstGov and partner Agency content and links into the framework of Business.gov. It also involved redesign of User Interface for [www.business.gov](http://www.business.gov) to reflect the needs of the business community, and development of points of access to Compliance Assistance for visitors to Business.gov. Other accomplishments included laying the groundwork for forms processing and the establishment of a Memoranda of Understanding for FY2004 with all participating agencies.



## LONG-TERM OBJECTIVE 1.6

### SBA Agency-Wide Annual Results

| U.S. SMALL BUSINESS ADMINISTRATION<br>Results and Budgetary Resources  |                             |                |                |                   |                |                  |                  |                    |                             |
|--|-----------------------------|----------------|----------------|-------------------|----------------|------------------|------------------|--------------------|-----------------------------|
| Strategic Goal 1. Improve the economic environment for small businesses.<br>Long-Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. <sup>30</sup> |                             |                |                |                   |                |                  |                  |                    |                             |
| SBA Agency-Level Assistance  |                             |                |                |                   |                |                  |                  |                    |                             |
| SBA Outcome Measures <sup>31</sup>   | SBA Annual Outcome Measures |                |                |                   |                |                  |                  |                    |                             |
|  | FY 2001 Actual              | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal      | FY 2004 Actual | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03–07 Goal <sup>32</sup> |
| 1.6.1 "By 2008, small businesses, assisted by Federal agencies, benefiting from Federal contracts or international assistance, will exceed the national average survivability rate.                            |                             |                |                |                   |                |                  |                  |                    |                             |
|  | N/A <sup>33</sup>           | N/A            | N/A            | TBD <sup>34</sup> | TBD            | TBD              | TBD              | TBD                | TBD                         |
| 1.6.2 By 2008, small businesses, assisted by Federal agencies, benefiting from Federal contracts or international assistance, will exceed the national average job creation rate.                              |                             |                |                |                   |                |                  |                  |                    |                             |
|  | N/A                         | N/A            | N/A            | TBD               | TBD            | TBD              | TBD              | TBD                | TBD                         |
| 1.6.3 By 2008, small businesses, assisted by Federal agencies, benefiting from Federal contracts or international assistance, will exceed the national average revenue growth rate.                            |                             |                |                |                   |                |                  |                  |                    |                             |
|  | N/A                         | N/A            | N/A            | TBD               | TBD            | TBD              | TBD              | TBD                | TBD                         |
| SBA Output Measures  | SBA Annual Output Measures  |                |                |                   |                |                  |                  |                    |                             |
|  | FY 2001 Actual              | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal      | FY 2004 Actual | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03–07 Goal               |
| Total Receiving Technical Assistance   | N/A                         | N/A            | N/A            | 21,000            | 38,754         | 21,000           | 21,000           | 97%                | 83,000                      |
| Total Receiving Procurement Assistance   | N/A                         | 9,400          | 11,065         | 10,400            | 20,169         | 15,714           | 1,000            | 149%               | 32,150                      |
| Total Receiving Trade Assistance   | N/A                         | N/A            | N/A            | N/A               | 9              | 9                | 9                | 75%                | 36                          |
| SBA Outcomes Cost  | SBA Annual Cost             |                |                |                   |                |                  |                  |                    |                             |
|  | FY 2001 Actual              | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate  | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03–07 Estimate           |
| Total Technical Assistance Cost (\$000) <sup>35</sup>  | N/A                         | N/A            | N/A            | N/A               | N/A            | N/A              | N/A              | N/A                | N/A                         |
| Total Procurement Assistance Cost (\$000)  | 29,544                      | 28,516         | 27,795         | 32,418            | 36,296         | 39,578           | N/A              | N/A                | N/A                         |
| Total Trade Assistance Cost (\$000) <sup>36</sup>  | N/A                         | N/A            | N/A            | N/A               | N/A            | N/A              | N/A              | N/A                | N/A                         |

<sup>30</sup> Long-Term Objective 1.6 was reformulated during FY2004 to better capture SBA's activities.

<sup>31</sup> These impact outcomes were developed as a result of the modification to the previous long-term objective, consequently the values need to be developed.

<sup>32</sup> For goals and estimates starting after 2003, FY 03–07 Goal represents data from start year to 2007.

<sup>33</sup> Not Applicable (N/A).

<sup>34</sup> To be determined (TBD).

<sup>35</sup> All costs for technical assistance are included in the costs for procurement assistance.

<sup>36</sup> All trade assistance costs are included in Strategic Goal 2.

During FY2004, the SBA enhanced the effectiveness of other federal agencies to open opportunities to small businesses in the areas of federal contracting and international trade. These efforts to achieve this Long-Term Objective were supported primarily by the Office of

Government Contracting and Business Development (GCBD) and by the Office of Capital Access. The contribution of SBA to the economic opportunities represented by international trade is being measured for the first time.



## SBA Procurement Assistance Performance and Costs to Achieve Results

| U.S. SMALL BUSINESS ADMINISTRATION<br>Results and Budgetary Resources  |   |                                |                |                |                  |                              |                  |                  |                    |                             |
|--|---|--------------------------------|----------------|----------------|------------------|------------------------------|------------------|------------------|--------------------|-----------------------------|
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |                                |                |                |                  |                              |                  |                  |                    |                             |
| Long-Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. |   |                                |                |                |                  |                              |                  |                  |                    |                             |
| SBA Program Level-Technical Assistance   |   |                                |                |                |                  |                              |                  |                  |                    |                             |
| SBA Programs   | Output Measures                               | Program Annual Output Measures |                |                |                  |                              |                  |                  |                    |                             |
|  |   | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual <sup>37</sup> | FY 2005 Goal     | FY 2006 Goal     | % Estimate by FY06 | FY 03–07 Goal <sup>38</sup> |
| Gov. Contracting / Business Development  |   |                                |                |                |                  |                              |                  |                  |                    |                             |
| Prime Contracting Assistance   | Small businesses trained (number)             | N/A <sup>39</sup>              | N/A            | N/A            | 10,500           | 16,896                       | 10,500           | 10,500           | 91.3%              | 41,500                      |
|  | Small businesses counseled (number)           | N/A                            | N/A            | N/A            | 10,500           | 16,946                       | 10,500           | 10,500           | 91.4%              | 41,500                      |
| Business Matchmaking   | Small businesses trained & counseled (number) | N/A                            | N/A            | N/A            | N/A              | 4,912                        | UNAVAIL          | UNAVAIL          | N/A                | UNAVAIL                     |
|  | Total Receiving Technical Assistance          | N/A                            | N/A            | N/A            | 21,000           | 38,754                       | 21,000           | 21,000           | 91.3%              | 83,000                      |
| SBA Programs   | Cost Measures                                 | Program Annual Cost            |                |                |                  |                              |                  |                  |                    |                             |
|  |   | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual               | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03–07 Estimate           |
| Gov. Contracting / Business Development  |   |                                |                |                |                  |                              |                  |                  |                    |                             |
| Prime Contracting  | Technical assistance Cost (\$000)             | N/A                            | N/A            | N/A            | N/A              | N/A                          | N/A              | N/A              | N/A                | N/A                         |
| Business Matchmaking   | Technical assistance Cost (\$000)             | N/A                            | N/A            | N/A            | N/A              | N/A                          | N/A              | N/A              | N/A                | N/A                         |
|  | Total Technical Assistance Cost (\$000)       | N/A                            | N/A            | N/A            | N/A              | N/A                          | N/A              | N/A              | N/A                | N/A                         |

<sup>37</sup> Values that are indicated in italics are estimates.

<sup>38</sup> For goals and estimates starting after 2003, FY 03-07 Goal represents data from start year until 2007.

<sup>39</sup> Not Applicable (N/A)



| U.S. SMALL BUSINESS ADMINISTRATION   |  |                                |                |                |              |                |                    |                        |                    |               |
|--|--|--------------------------------|----------------|----------------|--------------|----------------|--------------------|------------------------|--------------------|---------------|
| Results and Budgetary Resources  |  |                                |                |                |              |                |                    |                        |                    |               |
| Strategic Goal 1. Improve the economic environment for small businesses.   |  |                                |                |                |              |                |                    |                        |                    |               |
| Long-Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. |  |                                |                |                |              |                |                    |                        |                    |               |
| SBA Program Level-Procurement Assistance   |  |                                |                |                |              |                |                    |                        |                    |               |
| SBA Programs   | Output Measures  | Program Annual Output Measures |                |                |              |                |                    |                        |                    |               |
|  |  | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal | FY 2004 Actual | FY 2005 Goal       | FY 2006 Goal           | % Achieved by FY06 | FY 03-07 Goal |
| Gov. Contracting / Business Development  |  |                                |                |                |              |                |                    |                        |                    |               |
| Prime Contracting Assistance   | Agencies mid-year reviewed for goal compliance (number) <sup>40</sup>                            | N/A                            | N/A            | 22             | 22           | 22             | 22                 | 22                     | 80%                | 110           |
|  | Monthly reviews conducted for targeted agencies (number) <sup>41</sup>                           | N/A                            | N/A            | N/A            | N/A          | N/A            | 5                  | 5                      | 67%                | 15            |
|  | Surveillance reviews conducted of procurement activities (number) <sup>42</sup>                  | N/A                            | N/A            | 18             | N/A          | 24             | 6                  | 24                     | 73%                | 66            |
|  | Increase number of requirements reviewed for potential set asides (Percentage)                   | N/A                            | N/A            | N/A            | N/A          | N/A            | 5.0% <sup>43</sup> | 5.0%                   | 80%                | 12.5%         |
|  | Increase number of procurements above the bundling threshold reviewed (Percentage) <sup>44</sup> | N/A                            | N/A            | N/A            | N/A          | N/A            | TBD <sup>45</sup>  | TBD                    | TBD                | TBD           |
| SDB <sup>46</sup>  | Small businesses certified (number)  | N/A                            | N/A            | N/A            | 900          | 856            | 950                | 1,000                  | 73%                | 3,850         |
| Business Linc <sup>47</sup>  | Clients served (number)  | N/A                            | 9,000          | 3,094          | 3,500        | 5,891          | N/A                | N/A                    | 257%               | 3,500         |
| Business Matchmaking <sup>48</sup>   | Small businesses assisted via pre-scheduled selling meetings (number)                            | N/A                            | 400            | 7971           | 6,000        | 13,422         | 14,764             | UNAVAIL. <sup>49</sup> | 146%               | 24,800        |
|  | Events held (number)   | N/A                            | 1              | 3              | 12           | 9              | 9                  | 9                      | 50%                | 60            |
|  | Total Receiving Procurement Assistance   | N/A                            | 9,400          | 11,065         | 10,400       | 20,169         | 15,714             | 1,000                  | 149.1%             | 32,150        |

<sup>40</sup> Name change—Reported in 2003's PAR as: Conducted Mid-Year reviews for 22 agencies for goal compliance.

<sup>41</sup> New performance indicator.

<sup>42</sup> New performance indicator.

<sup>43</sup> Baseline for FY2005 is 40,204.

<sup>44</sup> New performance indicator.

<sup>45</sup> New Indicator whose baseline is to be established in 2005.

<sup>46</sup> Small Disadvantaged Businesses (SDB).

<sup>47</sup> No funding was requested in the FY2005 Congressional Budget Submission

<sup>48</sup> Name changed—Published in the 2003's PAR as Procurement Matchmaking. Changed to Business Matchmaking in 2004.

<sup>49</sup> Unavailable (UNAVAIL.)



| U.S. SMALL BUSINESS ADMINISTRATION   |   |  |                |                |              |                |              |              |                    |               |
|--|---|--|----------------|----------------|--------------|----------------|--------------|--------------|--------------------|---------------|
| Results and Budgetary Resources  |   |  |                |                |              |                |              |              |                    |               |
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |  |                |                |              |                |              |              |                    |               |
| Long-Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. |   |  |                |                |              |                |              |              |                    |               |
| SBA Program Level–Procurement Assistance   |   |  |                |                |              |                |              |              |                    |               |
| SBA Programs   | Intermediate Outcome Measures   | Program Annual Intermediate Outcome Measures |                |                |              |                |              |              |                    |               |
|  |   | FY 2001 Actual                               | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal | FY 2004 Actual | FY 2005 Goal | FY 2006 Goal | % Achieved by FY06 | FY 03–07 Goal |
| Gov. Contracting / Business Development  |   |  |                |                |              |                |              |              |                    |               |
| Prime Contracting Assistance <sup>50</sup>   | Increase goal achievement at five of the lowest performing Federal procuring agencies (percentage) <sup>51</sup>                                | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing Women-Owned Federal procuring agencies (percentage) <sup>52</sup>                    | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing Service Disabled Veteran-Owned Federal procuring agencies (percentage) <sup>53</sup> | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing HUB-Zone Federal procuring agencies (percentage) <sup>54</sup>                       | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing Small Disadvantaged Businesses Federal procuring agencies <sup>55</sup>              | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Commercialization Rate (percentage) SBIR <sup>56</sup>  | 40%  | 41%            | 42%            | 42%          | 42%            | 44%          | 45%          | 91.3%              | 46.0%         |

<sup>50</sup> All Prime Contracting's Intermediate Outcome Measures are new performance indicators created during FY2004

<sup>51</sup> As defined by an agency's failure to meet the statutory small business goals.

<sup>52</sup> As defined by an agency's failure to meet the statutory Women Owned small business goals.

<sup>53</sup> As defined by an agency's failure to meet the statutory Service Disabled Veteran Owned Small Business goals.

<sup>54</sup> As defined by an agency's failure to meet the statutory HUBZone Small Business goals.

<sup>55</sup> As defined by an agency's failure to meet the statutory Small Disadvantaged Business goals.

<sup>56</sup> Small Business Innovation Research (SBIR).



| U.S. SMALL BUSINESS ADMINISTRATION   |   |  |                |                |              |                |              |              |                    |               |
|--|---|--|----------------|----------------|--------------|----------------|--------------|--------------|--------------------|---------------|
| Results and Budgetary Resources  |   |  |                |                |              |                |              |              |                    |               |
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |  |                |                |              |                |              |              |                    |               |
| Long-Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. |   |  |                |                |              |                |              |              |                    |               |
| SBA Program Level–Procurement Assistance   |   |  |                |                |              |                |              |              |                    |               |
| SBA Programs   | Intermediate Outcome Measures   | Program Annual Intermediate Outcome Measures |                |                |              |                |              |              |                    |               |
|  |   | FY 2001 Actual                               | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal | FY 2004 Actual | FY 2005 Goal | FY 2006 Goal | % Achieved by FY06 | FY 03–07 Goal |
| Gov. Contracting / Business Development  |   |  |                |                |              |                |              |              |                    |               |
| Subcontracting Assistance <sup>57</sup>  | Increase goal achievement at five of the lowest performing Federal procuring agencies (percentage)                                | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing Women-Owned Federal procuring agencies (percentage)                    | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing Service Disabled Veteran-Owned Federal procuring agencies (percentage) | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing HUB-Zone Federal procuring agencies (percentage)                       | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
|  | Increase goal achievement at five of the lowest performing Small Disadvantaged Businesses Federal procuring agencies (percentage) | N/A  | N/A            | N/A            | N/A          | N/A            | 3.0%         | 3.0%         | 64.7%              | 9.3%          |
| SDB  | Reduce application processing period (days)   | N/A  | N/A            | N/A            | 60           | 45             | 45           | 35           | 78%                | 35            |

<sup>57</sup> All Subcontracting's Intermediate Outcome Measures are new performance indicators created during FY2004.



| U.S. SMALL BUSINESS ADMINISTRATION   |   |                     |                   |                |                  |                |                  |                  |                    |               |
|--|---|---------------------|-------------------|----------------|------------------|----------------|------------------|------------------|--------------------|---------------|
| Results and Budgetary Resources  |   |                     |                   |                |                  |                |                  |                  |                    |               |
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |                     |                   |                |                  |                |                  |                  |                    |               |
| Long-Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. |   |                     |                   |                |                  |                |                  |                  |                    |               |
| SBA Program Level-Procurement Assistance   |   |                     |                   |                |                  |                |                  |                  |                    |               |
| SBA Programs   | Cost Measures                             | Program Annual Cost |                   |                |                  |                |                  |                  |                    |               |
|  |   | FY 2001 Actual      | FY 2002 Actual    | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03-07 Goal |
| Gov. Contracting / Business Development  |   |                     |                   |                |                  |                |                  |                  |                    |               |
| SDB  | Program Cost (\$000)                      | 3,239               | 4,003             | 4,750          | 5,741            | 5,108          | 5,924            | N/A              | N/A                | N/A           |
| Prime Contracting  | Program Cost (\$000)                      | 21,138              | 18,892            | 16,507         | 19,734           | 23,158         | 23,710           | N/A              | N/A                | N/A           |
| Business Matchmaking   | Program Cost (\$000)                      | N/A                 | N/A <sup>58</sup> | 434            | 450              | 4,622          | 6,053            | N/A              | N/A                | N/A           |
|  | Cost per Business Assisted (\$000)        | N/A                 | N/A               | 54             | 75               | 344            | 410              | N/A              | N/A                | N/A           |
| Subcontracting   | Program Cost (\$000)                      | 5,167               | 5,621             | 6,104          | 6,493            | 3,408          | 3,891            | N/A              | N/A                | N/A           |
|  | Total Procurement Assistance Cost (\$000) | 29,544              | 28,516            | 27,795         | 32,418           | 36,296         | 39,578           | N/A              | N/A                | N/A           |

<sup>58</sup> The cost of this activity was not measured during FY2002.

<sup>59</sup> Results for FY2004 will not be available until FY2005.

SBA is responsible for negotiating with federal agencies the annual percentage goal of their prime contract dollars to small businesses. This is important to small businesses because it opens access to a major source of revenues. During FY2003, SBA measured its performance by federal agencies' success in awarding 23 percent of their prime contracting dollars to small businesses. This goal was met in FY2003, with 23.6% attainment, and it is expected to be exceeded in FY2004.<sup>59</sup> However, SBA is dropping this measure. Instead, adopting two new performance measures that are aimed at developing a better understanding of the process barriers preventing goal achievement, and removing those barriers in order to promote improved government-wide performance.

- Increase prime contract goal achievement by 3 percentage points at five low performing and/or high impact Federal procuring agencies, as defined by an agency's failure to meet the statutory small business goals.

- Increase subcontract contract goal achievement by 3 percentage points at five low performing and/or high impact Federal procuring agencies, as defined by an agency's failure to meet the negotiated small business subcontracting goals.

During FY2005, emphasis will be placed on increasing overall goal achievement by 3% at the prime and subcontracting levels. During FY2006, individual strategies will be developed to target Women-Owned Small Business, Service-Disabled Veteran-Owned Small Business, HUBZone, and Small Disadvantaged Business Programs. In the selection of low-performing agencies, consideration will be given to: (1) degree of goal achievement in prior years; and (2) the potential impact to Government-wide goal achievement. SBA will continue to monitor the goals negotiated and the achievements of the agencies, as shown in the table on the next page for FY2004.



SBA is adding additional performance measures, including: the provision of counseling and training on subcontracting issues; outreach to groups facing competitive opportunity gaps; and increased Procurement Center Representative (PCR) review of procurement activity. The output measure addressing surveillance reviews has been reduced from 24 to 6 for FY2005. This reduction reflects SBA's finding that, of the last 42 reviews, the same systemic problems were present at nearly all procuring activities. Therefore, for FY2005, the Agency believes more will be accomplished by educating procurement sites and implementing corrective actions to eliminate these systemic problems, and then re-instituting the 24 surveillance reviews in FY2006, as a follow-up measure. In order to accomplish these results, SBA implemented several initiatives during FY2004, including the following:

SBA signed an agreement with the U.S. Department of Defense and the Defense Acquisition University establishing an interagency training program to provide educational opportunities relating to small business programs and acquisition training consistent with the missions of Governmental departments and agencies. This training will be provided at no cost to SBA employees whose responsibilities lie in procurement advocacy. Enhancing employees' knowledge of procurement law, contract structure, and the process used by procurement centers, will allow them to provide better technical assistance to small businesses and will promote increased small business participation in Federal procurement.

SBA revised size standards for three industries: Facilities Support Services, Information Technology Value Added Services, and Testing Laboratories. Additionally, SBA published a proposal to restructure and simplify size standards by establishing size standards based on the number of employees, and reducing the number of different size standards levels from 37 to 10. The review and continual refinement of size standards are critical to maintaining an environment where small businesses can compete for Federal contracts.

SBA spearheaded the government-wide implementation of Executive Order 13329 (Innovation in Manufacturing). The Agency executed an aggressive, interagency action

plan for Small Business Innovation and Research (SBIR) and Small Business Technology Transfer (STTR) Program Managers. This will allow them to develop and execute plans for significantly increasing manufacturing awards to small businesses.

SBA published a series of new regulations directed toward increased small business participation in federal procurement. The first change places increased scrutiny on contract bundling initiatives to ensure small businesses receive more prime contract opportunities. Two additional regulatory changes address subcontract opportunities. One change encourages subcontract awards to Alaska Native Corporations. Other changes expand subcontract opportunities for small businesses on multiple award contracts, including government-wide acquisition contracts. Finally, in conjunction with the Office of Government Contracting, the HUBZone Program Office published regulations giving effect to HUBZone provisions in the Native American Act and making technical changes to streamline the program.

In addition to assisting federal agencies reach their goals, SBA estimated that during FY2004, it would provide assistance to at least 10,400 small businesses to take advantage of federal procurement opportunities. The result for the year was 20,169. Small Disadvantaged Business (SDB), Business Linc and Business Matchmaking programs were responsible for the Agency exceeding its goal.

The SBA decreased the number of days to process a SDB application from 110 days to 40 days. This reduction in processing time has resulted in improved customer service, improved quality of application reviews and reduced costs. Also, SBA re-engineered the SDB workflow to reduce application-processing time, improve customer service and increase production. In addition, a layer of management has been eliminated and the SDB staff has been streamlined.

The original mission of Business Matchmaking was to facilitate the responsibility of federal agencies to meet their mandate in providing procurement opportunities to small business. It became quickly apparent that the initiative provided the perfect opportunity to embrace



state, county and city governments as well as major corporations who were dedicated to the same desire to level the playing field for growing companies.

The SBA partnered with Hewlett Packard Small Business Foundation. This partnership added new proprietary technology to the mix that raised the level of matchmaking opportunities and efficiency in appointments between buying organizations and small businesses. During FY2004, 12,621 one-on-one business matchmaking appointments took place. Additionally, Business Matchmaking is now operating on a year-round basis using its Business Matchmaking portal and a support team to facilitate online Business Matchmaking that results in telephone-based conversations between buyers and sellers. In FY2004, 1,300 of these appointments occurred, stemming from programs launched in Cincinnati and Detroit. Additionally, 861 buying organizations from both the public and private sectors participated in Matchmaking

events, delivering potential contract opportunities to more than 6,300 small businesses. These matchmaking activities resulted in thirty-nine companies obtaining contracts for a total value of \$20 million.

#### *Goals Exceeded*

The success of the Business Matchmaking Program compared to the previous year can be attributed to two primary factors: 1) SBA entered into a Grant Agreement with the Hewlett Packard Small Business Foundation to produce the events (this relationship brought a new level of technology and training that was not previously available); and 2) SBA implemented a very aggressive marketing strategy to recruit buyers by involving all of SBA's field resources such as the District Offices, Government Contracting Offices, SCORE, Procurement Technical Assistance Centers, SBDCs, state and local governments, and others.

**SBA Technical Assistance Performance and Costs to Achieve Results**

| U.S. SMALL BUSINESS ADMINISTRATION   |   |                                |                |                |                  |                |                  |                  |                    |                   |
|--|---|--------------------------------|----------------|----------------|------------------|----------------|------------------|------------------|--------------------|-------------------|
| Results and Budgetary Resources  |   |                                |                |                |                  |                |                  |                  |                    |                   |
| Strategic Goal 1. Improve the economic environment for small businesses.   |   |                                |                |                |                  |                |                  |                  |                    |                   |
| Long-Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. |   |                                |                |                |                  |                |                  |                  |                    |                   |
| SBA Program Level-Technical Assistance   |   |                                |                |                |                  |                |                  |                  |                    |                   |
| SBA Programs   | Output Measures                         | Program Annual Output Measures |                |                |                  |                |                  |                  |                    |                   |
|  |   | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03-07 Goal     |
| Gov. Contracting / Business Development  |   |                                |                |                |                  |                |                  |                  |                    |                   |
| Prime Contracting Assistance   | Small businesses trained (number)       | N/A                            | N/A            | N/A            | 10,500           | 16,896         | 10,500           | 10,500           | 91.3%              | 41,500            |
|  | Small businesses counseled (number)     | N/A                            | N/A            | N/A            | 10,500           | 16,946         | 10,500           | 10,500           | 91.4%              | 41,500            |
|  | Total Receiving Technical Assistance    | N/A                            | N/A            | N/A            | 21,000           | 38,754         | 21,000           | 21,000           | 91.3%              | 83,000            |
| SBA Programs   | Cost Measures                           | Program Annual Cost            |                |                |                  |                |                  |                  |                    |                   |
|  |   | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03-07 Estimate |
| Gov. Contracting / Business Development  |   |                                |                |                |                  |                |                  |                  |                    |                   |
| Prime Contracting  | Technical assistance Cost (\$000)       | N/A                            | N/A            | N/A            | N/A              | N/A            | N/A              | N/A              | N/A                | N/A               |
|  | Total Technical Assistance Cost (\$000) | N/A                            | N/A            | N/A            | N/A              | N/A            | N/A              | N/A              | N/A                | N/A               |

An important component of small businesses' successful bids for contracts is their knowledge of how to prepare winning proposals. **During FY2004, the SBA provided technical assistance to 38,754 small businesses, exceeding its goal by 84%.** One of the reasons for exceeding the goal is that, for the first time, SBA captured the technical assistance from Business Matchmaking. Additionally, the Prime Contracting program exceeded expectations of small businesses trained or counseled.

**Goals Exceeded**

During FY2004, SBA was able to exceed its technical assistance goal by increasing its marketing and outreach through SBA's field offices.



## SBA Trade Assistance Performance and Costs to Achieve Results

| U.S. SMALL BUSINESS ADMINISTRATION   |  |                                |                |                |                  |                |                  |                  |                    |                   |
|--|--|--------------------------------|----------------|----------------|------------------|----------------|------------------|------------------|--------------------|-------------------|
| Results and Budgetary Resources  |  |                                |                |                |                  |                |                  |                  |                    |                   |
| Strategic Goal 1. Improve the economic environment for small businesses.   |  |                                |                |                |                  |                |                  |                  |                    |                   |
| Long Term Objective 1.6: Increase the effectiveness of Federal agencies to provide opportunities for small business. |  |                                |                |                |                  |                |                  |                  |                    |                   |
| SBA Program Level—Trade Assistance   |  |                                |                |                |                  |                |                  |                  |                    |                   |
| SBA Programs   | Output Measures  | Program Annual Output Measures |                |                |                  |                |                  |                  |                    |                   |
|  |  | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Goal     | FY 2004 Actual | FY 2005 Goal     | FY 2006 Goal     | % Achieved by FY06 | FY 03–07 Goal     |
| Capital Access   |  |                                |                |                |                  |                |                  |                  |                    |                   |
| International Trade  | Participation in interagency working groups (number)         | N/A                            | N/A            | N/A            | N/A              | 9              | 9                | 9                | 75%                | 36                |
|  | Favorable policies inclusion in International Trade (number) | N/A                            | N/A            | N/A            | N/A              | 5              | 5                | 5                | 75%                | 20                |
|  | Total Receiving Trade Assistance                             | N/A                            | N/A            | N/A            | N/A              | 9              | 9                | 9                | 75%                | 36                |
| SBA Programs   | Cost Measures  | Program Annual Cost            |                |                |                  |                |                  |                  |                    |                   |
|  |  | FY 2001 Actual                 | FY 2002 Actual | FY 2003 Actual | FY 2004 Estimate | FY 2004 Actual | FY 2005 Estimate | FY 2006 Estimate | % Estimate by FY06 | FY 03–07 Estimate |
| International Trade  | Trade Assistance Cost <sup>60</sup>                          | N/A                            | N/A            | N/A            | N/A              | N/A            | N/A              | N/A              | N/A                | N/A               |
|  | Total Trade Assistance Cost (\$000)                          | N/A                            | N/A            | N/A            | N/A              | N/A            | N/A              | N/A              | N/A                | N/A               |

<sup>60</sup> All Trade Assistance costs are included in Strategic Goal 2.

During FY2004, the SBA, through its Office of Capital Access, Office of International Trade, increased the effectiveness of other federal agencies in providing trade and financing opportunities to small businesses—resulting in millions of dollars in export sales—by accomplishing the following:

- The SBA served on interagency trade capacity building working groups led by the Office of the U.S. Trade Rep-

resentative to support negotiations for the U.S.-Southern Africa Free Trade Agreement, Central America Free Trade Agreement and negotiations with the Andean Pact countries of South America. Trade liberalization can especially benefit small business by helping them reduce the impact of trade barriers. Since the signing of the North American Free Trade Agreement in 1993, U.S. small businesses have increased their export sales from \$25.0 million in 1992 to \$60.2 billion in 2001.

- The SBA negotiated and coordinated the signing of a Memorandum of Understanding with the Export-Import Bank (Ex-Im), consummating two years of negotiations on a EWCP Co-Guaranty program. This agreement will enhance the ability of small businesses to gain access to capital to support their export transactions and allow EX-IM and SBA to cooperate more effectively in providing trade finance support to U.S. small businesses.
- SBA raised the profile of small business by successfully encouraging the State Department to include promoting small business trade as an action item in the Summit of the Americas process. State Department and Summit Coordinators from the U.S., Chile and Argentina participated in the SBA-led SME Congress of the Americas, a hemispheric network of small business service providers working together to promote small business participation in trade.